

Message Text

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46

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 INT-08 FEA-02 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 SAM-01

NSC-10 SS-20 STR-08 CEA-02 L-03 H-03 PRS-01 PA-04

USIA-15 DRC-01 /169 W

----- 067347

R 280917Z FEB 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1432

UNCLAS MANILA 2342

E.O. 11652: N/A

TAGS: EIND, RP

SUBJ: REYNOLDS METALS AND PHILIPPINE GOVERNMENT SIGN
AGREEMENT FOR ALUMINUM SMELTER

1. ON FEBRUARY 26 REYNOLDS INTERNATIONAL (SUBSIDIARY OF REYNOLDS METALS INC.) AND PHILIPPINE GOVERNMENT SIGNED LETTER OF INTENT FOR ESTABLISHMENT OF ALUMINUM SMELTER. REYNOLDS AND GOP WILL EACH HOLD 50 PERCENT EQUITY. REYNOLDS WILL DESIGN AND MANAGE CONSTRUCTION AS WELL AS MANAGE AND PROVIDE TECHNICAL ASSISTANCE.

2. FEASIBILITY OF PLANT DEPENDENT ON AVAILABILITY OF ASSURED ECONOMIC POWER SUPPLY. PLANT WILL USE GEOTHERMAL POWER IF PRESENT EXPLORATION PROVES RESOURCES EXIST IN MAGNITUDE NEEDED FOR PLANT OF SIZE CONTEMPLATED. (NEW ZEALAND HAS PROVIDED GOP LOAN OF US\$500,000 FOR EXPLORATION ON LEYTE. NOT YET KNOWN WHETHER SUFFICIENT EXPLOITABLE GEOTHERMAL RESOURCES PRESENT, BUT RIG BEING PROVIDED BY LOCAL FIRM FOR DEEP DRILLING TO VERIFY RESOURCES.

3. SMELTER TO BE CONSTRUCTED IN WESTERN LEYTE NEAR ORMOC.

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INITIAL CAPACITY WILL BE 100-200 THOUSAND TONS ALUMINUM

PER YEAR DEPENDING ON AVAILABILITY OF POWER SUPPLY.

4. EXCLUDING NECESSARY PUBLIC WORKS, AND DEPENDING ON SIZE, COST OF PLANT ESTIMATED AT \$110 MILLION. LETTER OF INTENT INDICATES REYNOLDS AND GOP WILL SEEK BORROW FROM ASIAN DEVELOPMENT BANK AND U.S. EXIM. OPIC INSURANCE COVERAGE ALSO REQUIRED. GOP WILL UNDERTAKE PUBLIC WORKS EXCEPT PORTION BUILT SOLELY TO SUPPORT PLANT WHICH WILL BE CONSIDERED PART OF COST OF PLANT AND FOR WHICH GOP WILL BE INTITLED TO RECOVER COSTS THROUGH USAGE FEES.

5. PARTNERS WILL EXPLORE POSSIBILITY USE OF LOCAL ALUMINUM ORES FOR PLANT. TESTS CONDUCTED BY PHILIPPINE BUR MINES IN OCTOBER 1972 INDICATED PRESENCE COMMERCIAL QUALITY BAUXITE IN SAMAR. WHETHER BAUXITE IN QUANTITY SUFFICIENT TO SUPPORT SMELTER OF SIZE PROPOSED NOT ESTABLISHED. LACKING LOCAL RESOURCES REYNOLDS AGREES TO SEEK TO ARRANGE SUPPLY ALUMINA. REYNOLDS WILL MARKET OUTPUT.

6. COPY OF LETTER OF INTENT BEING POUCHED EA/PHL.
SULLIVAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALUMINUM, METAL INDUSTRY, METALS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA02342
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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Original Classification: UNCLASSIFIED
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Review Content Flags:
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Review Exemptions: n/a
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30 JUN 2005

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TAGS: EIND, RP
To: STATE
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